

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7858**

**BILL NUMBER:** SB 568

**NOTE PREPARED:** Feb 28, 2005

**BILL AMENDED:** Feb 24, 2005

**SUBJECT:** Birthing Centers.

**FIRST AUTHOR:** Sen. Miller

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

STATE IMPACT	FY 2005	FY 2006	FY 2007
State Revenues			
State Expenditures		20,000	
Net Increase (Decrease)		(20,000)	

**Summary of Legislation:** (Amended) This bill requires birthing centers to be licensed by the State Department of Health. The bill excludes: (1) a birthing center; and (2) a physician's office; from the definition of an ambulatory outpatient surgical center.

**Effective Date:** (Amended) Upon passage; July 1, 2005.

**Explanation of State Expenditures:** (Revised) There are currently 2 birthing centers that would be required to be licensed by the Indiana State Department of Health. The ISDH has reported that it can adopt the necessary rule changes to expand the licensing procedures within the existing level of resources available. The Department reports that modifications to the regulatory data base will require approximately \$20,000 for programming expenses. The survey work necessary for this additional number of licenses will require no additional state funding. The ultimate cost of this bill would be dependent upon administrative actions and the number of procedures performed annually by each of the clinics and birthing centers.

Separate survey standards would need to be developed for this type of facility. Since there is no similar federal

certification classification, the state will be responsible for 100% of the survey expense.

*Appropriation Background:* The Indiana State Department of Health administrative appropriations were made from the dedicated Tobacco Master Settlement Agreement Fund for FY 2004 and FY 2005. Revenues from fees and penalties collected by the Department are deposited in the General Fund, with augmentation allowed in amounts not to exceed the additional revenue from fees or penalties received after July 1, 2003. The funding source of the FY 2006 and FY 2007 ISDH administrative appropriations will be determined by the General Assembly.

*Medicaid:* Birthing centers must be licensed in order to apply for Medicaid provider status. Should Medicaid clients choose to utilize the services of licensed birthing centers, some savings could be achieved in the Medicaid program since these facilities are a lower-cost option to hospital-based deliveries.

**Explanation of State Revenues:** (Revised) The bill would include the licensure of birthing centers under the authority of the Hospital Council. As a point of reference, the recently established ambulatory outpatient surgical center annual licensing and inspection fees are shown to indicate the level of fees that might be applicable to the birthing facilities. The fiscal impact on collections of fee revenue would be the minimum annual fee of \$500 times 2 facilities, or \$1,000.

Total Annual Procedures	Fee
0 – 799	\$500
800 – 3,499	\$1,000
3,500 – 6,999	\$2,000
7,000 and above	\$3,000

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana State Department of Health.

**Local Agencies Affected:**

**Information Sources:** Zach Cattell, Legislative Liaison, Indiana State Department of Health, 317-233-2170; Terry Whitson, Assistant Commissioner for Regulatory Services, 317-233-7022; and 414 IAC 1-1-2 for Outpatient Ambulatory Surgery fees.

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